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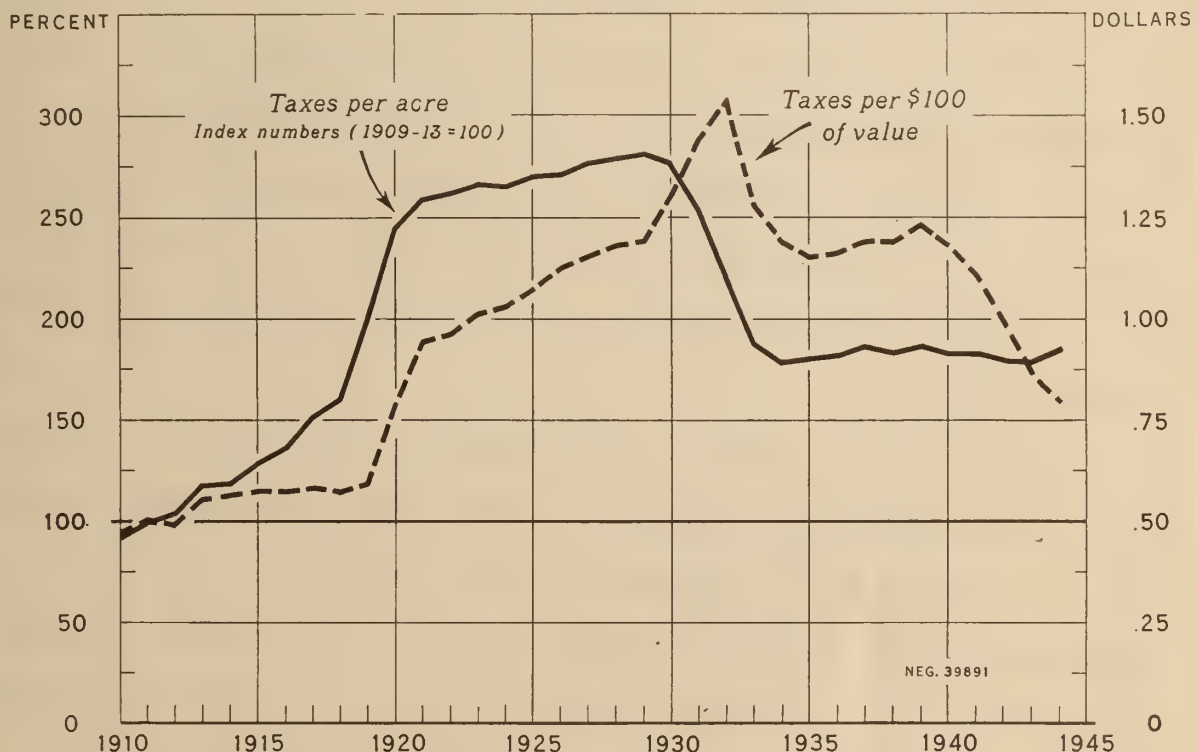
UNITED STATES DEPARTMENT OF AGRICULTURE

Bureau of Agricultural Economics

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FARM REAL ESTATE TAXES IN 1944

Average farm real estate taxes per acre increased over 3 percent from 1943 to 1944, the first increase since the outbreak of the war. The index of real estate taxes per acre for the United States (1909-13 = 100) advanced from 178 in 1943 to 184 in 1944. Since 1934 average taxes per acre have varied within very narrow limits and although the increase in 1944 is the sharpest within this period the index still does not exceed the high points for the period, which were 186 in 1937 and 1939.



FARM REAL ESTATE TAXES PER ACRE AND PER \$100 OF VALUE, UNITED STATES, 1910-44

Taxes per \$100 of real estate value continued to decline in 1944, falling from \$0.86 in 1943 to \$0.80 in 1944. This downward movement, which started in 1940, is due principally to the upward trend in farm land values in recent years.

Taxes per acre for the individual States changed markedly between 1943 and 1944 in only a few cases but increases occurred in about three-fourths of the States. Those States having decreases in taxes per acre are not concentrated in any particular section of the country, and the index numbers of taxes per acre for every geographic division increased. In two of the nine divisions all States show increases, and in others, the increases more than offset the decreases.

Taxes per \$100 of real estate value decreased in all but six of the individual States because in many of the States showing increases in taxes per acre values increased even more. An interesting case is that of California where taxes per \$100 of value are the same in 1944 as in 1943 despite a marked increase in taxes per acre because of an equivalent rise in value per acre.

It is still too early to tell whether the 1944 increase in taxes per acre is the beginning of a new upward trend. The possible significance of the increase is not in its amount, which is small, but in the fact that it reflects consistent increases spread widely over the country. Looking at the war years as a whole, farm real estate tax levies have remained remarkably stable. As has been pointed out in previous reports, this is due to the relative position of property taxes in the State and local tax systems and to the fact that some of the other taxes have been much more directly affected by war influences than have property taxes. Revenues from a number of other sources increased materially in a great many jurisdictions.

Heavy collections from income and sales taxes often more than offset decreased collections from the various automotive taxes. Another important source of additional revenue in some jurisdictions was the collection of delinquent taxes from earlier years.

Expenditures of State and local governments also have been subject to wartime influences pulling in opposite directions. Perhaps the most important factors tending to restrict expenditures were reduced relief requirements and the inability to carry out new construction, and to some extent maintenance programs, because of material and manpower shortages. Factors tending to increase expenditures included the provision of governmental facilities in war-expanded communities, some war expenditures such as for civilian defense, and increased unit costs of material and labor for the functions that were continued. Also appearing on the expenditure side in many budgets were allocations to reserve funds for postwar use. The stated purpose for these reserves generally is to provide funds with which to carry out deferred maintenance and construction programs as soon as materials and labor become available. Expenditure levels of State and local governments in the years ahead obviously will depend not only upon the extent of the services provided but also upon the general price level prevailing. The trend of farm real estate taxes will reflect in addition the relative reliance upon property taxes in the State and local revenue systems.

The following table shows farm real estate tax levies per acre and per \$100 of real estate value and indexes of the tax levies per acre, by States and divisions for 1910, 1920, 1930, and 1940-44:

Index numbers $1/(1909-13 = 100)$

1/ Index numbers computed before rounding tax-per-acre data to nearest cent.

2/ Derived from the
3/ Not available.